

Kauai ag subdivision will include tea plantation, affordable homes

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PACIFIC BUSINESS NEWS
August 18, 2006

More than 2,000 acres of former sugar plantation on Kauai's east-side "Coconut Coast" are being planned as an agricultural subdivision that will include the island's first tea plantation and 100 affordable single-family homes.

The plan is to subdivide the mauka land along two miles of Kuhio Highway in Kealia, between Kapaa and Anahola, into 190 agricultural lots and 100 residential lots earmarked for affordable housing. The land makai of Kuhio Highway is being developed by McCloskey and Co. as Kealia Kai.

The land was bought from Michele and Justin Hughes' Kealia Plantation for \$47.37 million in cash and a \$2.2 million piece of property in Idaho by a partnership that includes San Francisco-based Lynch Investments, which owns several large tracts of land on the Big Island, including Big Island Country Club and Makalei Golf Course.

SEEKING COUNTY APPROVAL

The partnership is seeking approval from Kauai County to subdivide the land, known as Kealiakealanani. The land likely would be separated into condominium property regime units ranging from proximately 2.9 to 100 acres, with one dwelling permitted on each unit. The developer plans to price the parcels from the \$600,000-\$700,000 range up to several million dollars.

There are no plans for a golf course or a clubhouse for the Kealia Land, said Peter Lynch, founder and managing member of Lynch Investments. Owners will be permitted to build only one home on each lot, will be required to sign a declaration stating that the property will comply with state land use guidelines and must submit an agriculture plan outlining what they plan to raise on the land.

"A person cannot get building plans or landscape plans approved unless they have an agriculture plan approved," said Andy Friend, Kauai-based project manager for Plantation Partners Kauai, one of the three partners in the project. "A lot of improvements are going in. What we're allocating alone for the tea is several million dollars."

Once they gain approvals for the agricultural lots, the developers plan to seek approval to rezone the land from agriculture to urban for the affordable-housing component, which will be built on two parcels close to Kuhio Highway, Friend said. Half of the three-bedroom, two-bath, single-family homes are tentatively priced under \$200,000, with the other half priced at about \$260,000, he said.

Although there was no requirement to develop affordable homes, such properties are sure to be highly desired on an island where the median price of a single-family home topped \$735,000 last month.

"We know that there is need for affordable homes in Hawaii and on all the islands," Lynch said. "We want our project to benefit the community and we thought, what better way than to provide affordable lots?"

The land still had sugar cane growing on it when the Hughes bought the former Makee Sugar Co. plantation from Amfac in 1998 and renamed it Kealia Plantation. They sold their interest in the makai land to McCloskey and Co., developer of the Kealia Kai subdivision, and worked on cleaning up the mauka land, restoring it to its natural state and adding infrastructure such as irrigation.

Although potential buyers had come forward over the years, Michele Hughes said the mauka land was

never publicly for sale. The part-time Kauai resident for the past 27 years said Plantation Partners Kauai seemed to be “very environmentally sensitive.”

“The wanted to do a lot of agriculture,” said Hughes, whose Kealia Plantation and partners donated 67 acre of shoreline land to the country for preservation as a bicycle and walking path. “That landed on very positive earns for us . . . we would see them doing something for not only the development of homes, but the development of agriculture.”

TEA PLANTATION

Plantation Partners Kauai plans to use about 100 acres of the land to cultivate Kauai’s first tea plantation, with a tea-processing plant that would be able to process an additional 100 acres, to accommodate any lot purchasers who grow tea. The developer also is planning to grow taro on some 90 acres and also plant cacao trees, the source for chocolate.

“You need input from the community and the wisdom of local government to guide you to make sure you’re doing it in a way that is both legal and a true agricultural enterprise,” Lynch said. “That is our goal – to have a true functioning, and hopefully profitable, agricultural enterprise on the property.”

The developer also partners with the Hughes in a foundation that will preserve the Kealia rodeo grounds on six acres of donated land from Hughes and their partners.

“I think they have a really good sense of place,” Michele Hughes said. “We feel a sense of place with Kauai and we want to see the island properties responsibly developed.”

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